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Analysis of 1984 Bank Marketing Expenditures

1985 Research Report
Advertising Department

3rd Edition

BANK MARKETING ASSOCIATION 309 West Washington Street • Chicago, Illinois 60606

TO FINANCIAL MARKETERS:

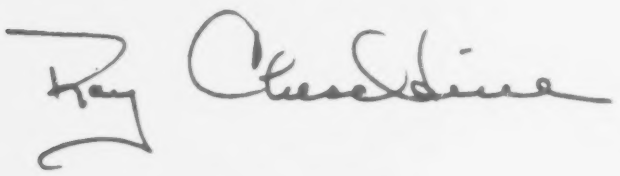
This year's "Analysis of Bank Marketing Expenditures" should be of great help to you in preparing and tracking your marketing budget.

As competition continues to increase, the need for adequate and accountable budgets also grows. This publication should be helpful to all readers in developing their own marketing strategies and budgets to compete in their marketplace.

The study is based on a sampling of the entire U.S. commercial banking industry. For comparison purposes, the data is reported in essentially the same formats as last year's "Analysis."

We are most grateful for the kind cooperation of the more than 1,100 bankers nationwide who took the time and effort to complete the lengthy questionnaire. Without their participation, this study would not have been possible.

Cordially,



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HOW THE SURVEY WAS CONDUCTED

The "Analysis" contains more than 2,000 individual statistics on how banks in the United States spend their marketing budget to sell financial services. The survey which was used to gather the data from more than 1,100 banks and the resulting tables and graphs are designed to help bankers learn more about the budgeting process in bank marketing.

How to Use

This publication is not designed to show how much your individual bank should spend for marketing or in which media. In fact, as you become familiar with the data, you will see that there is quite a diversity in the statistics based on the various factors considered in the survey — asset size, market type and population size.

You will, nevertheless, identify certain trends in these statistics which will help you confirm your beliefs about your own and competing banks' expenditures or perhaps help you refine and improve your own marketing budget.

Comparison Between Years

The 1984 "Analysis" is in essentially the same format and expenditure categories as the prior two years' "Analyses" to allow for direct comparison of changes. At several points in this year's text, comparisons of 1984 and 1983 have been made. For a detailed study of differences between those years, or 1982, you may obtain a copy of the 1982 or 1983 "Analysis" from BMA.

Methodology

A four-page letter/questionnaire was mailed to 8,100 banks nationwide. Banks were chosen by random 'nth' name selection from among two asset groups: Those under $100 million in assets (6,287) and those over $100 million in assets (1,813). The distinction in asset size samples was to compensate for lower response rates among community banks experienced in previous surveys.

A "Second Request" mailing was made to the same list four weeks later, and responses were cut off April 19, 1985.

A total of 1,180 questionnaires had been received at the cutoff date and of these 1,109 were usable returns. They were distributed as follows:

In $ millions	Number Responding	Percentage of Survey
Under $10	47	4%
$10 - $25	144	13
$25 - $50	181	16
$50 - $100	203	18
$100 - $250	273	25
$250 - $500	121	11
$500 - $1 billion	58	5
$1 billion - $5 billion	66	6
Over $5 billion	16	1

After the questionnaires were edited and key punched, the data was computer tabulated, examined for consistency and verified for accuracy.

Presentation of Statistics

The statistics are presented in several forms: in percentage terms, in dollar averages and in dollar medians.

The percentage computations are based on the number of respondents answering each specific question and are rounded to the nearest whole percentage.

Wherever the word "average" appears, it means the arithmetic mean. Averages for each category are based on the number of banks reporting. Since the number of banks reporting varies from category to category, the sum of the category averages usually will not be the same as the "total" averages.

The median is the middle value from a list of rank ordered values. For example, for the five values 4,000, 4,000, 4,200, 5,000 and 20,000, the median is 4,200 and the average or arithmetic mean is 7,440. There are as many banks above the median as there are below. Because the average is sensitive to extreme values (20,000 in this example) and the median is not, the median often represents a better estimate than the average.

Another feature incorporated into the data this year is the addition of "Minimum and Maximum" values for certain tables. The inclusion of this data shows the range of respondent answers for certain questions so that the reader can examine both of these extremes in addition to the average and median.

Dollar figures are rounded to the nearest $100.

The Marketing Plan

The development of the marketing budget is just one part of the total marketing planning process. Several methods for developing and managing budgets will be described and assessed, but first, a few comments on writing a marketing plan are in order.

There are important advantages to writing a thorough marketing plan. It brings organization and efficiency to both short term and long term activities of the bank. A written plan provides staff and suppliers time to prepare for and implement programs, and reduce the risk of errors or expense that accompany unplanned marketing. The plan assures that marketing activities occur in an orderly sequence, reaching the right prospects, at the right time, at the lowest expense possible.

Your written plan also is helpful from the organizational standpoint. It alerts others in the bank when to prepare for certain customer responses and assures that other key individuals in the organization understand the bank's goals. The plan should be a written document, with input from a wide range of personnel. And, it should be considered an evolutionary document. Each plan your bank prepares is more accurate and thorough than earlier ones. For that reason, consider the plan a flexible document that changes with the marketplace.

The marketing budget is the fifth of six components of a good marketing plan. There are four other steps which should be taken first. The key steps in formulating a marketing plan are the following:

1. ***Situation Analysis:*** Where are we today? What are our strengths and weaknesses? What opportunities and/or threats are facing us?
2. ***Objectives:*** Where do we want to be tomorrow? What specific goals do we want to achieve?
3. ***Strategy:*** What are the available paths to reach our goals? What will our organizational "game plan" be?
4. ***Tactics:*** What, specifically, will we do to implement the strategy? What action plans, timetables, activities, etc.?
5. ***Budget:*** How much will it cost? How will our resources be allocated?
6. ***Evaluation:*** Is it working? How do the actual results compare to our stated objectives?

The Budgeting Process

Before a budget can be prepared, certain underlying assumptions must be identified. External assumptions are expected conditions that will affect the bank's performance in the coming year: the economic and industry outlooks, the competitive situation, etc. Internal assumptions have to do with corporate and marketing objectives, policies and priorities.

If a marketing plan has been written, these budgetary assumptions flow directly from the situation analysis and objectives set forth in the plan.

Based on the strategies and tactics you develop, the budgeting process can then assign the costs for the marketing activities or tasks that will implement the selected strategy and achieve your goals. While advertising is usually the biggest part of the marketing budget, we should be careful not to overlook the other marketing elements: Public relations, sales promotion, sales/customer relations training and marketing research. Costs are assigned to these various functions based on their contribution to reaching our objectives. The budget, thus, becomes **the marketing plan in dollar terms.**

What has been described is called the **task/objective approach** to marketing planning and budgeting, because the budget is built by adding up the costs involved in achieving each marketing task and objective. Unlike other methods in common use, this technique makes the budget an integral part of a total plan based on an analysis of the unique needs of **your own bank.**

More traditional methods use "rules of thumb" which are quicker and easier to use, but not as thorough. They may, however, be helpful to decisionmakers as general guidelines. Some of the most commonly used methods include:

- ***Percentage of Assets/Deposits Method:*** Uses a predetermined percentage as the basis for the budget; such as 1/10 of one percent of assets. This method does reflect the fact that larger institutions probably can afford larger budgets. It does not, however, account for other factors that influence marketing expenditure levels such as size of market, market share, opportunities for market development and competitors. Moreover, using current or forecasted assets/deposits as the basis of the budget ignores the purpose of marketing. Marketing expenditures, after all, should be affecting the level of deposits and assets, not the other way around.
- ***Incremental Method:*** Simply tacks on a set increase over previous spending — for example, budgeting 10% more than last year. This method is an easy one to implement, often pegging the increase to the rate of inflation. The assumption,

however, is made that goals and strategies closely imitate past history. If you are completely satisfied that last year's performance was so good that you only need to repeat the same or more of the same strategies and tactics, this will work. Simply "doing more of the same" may mean that programs that are no longer effective will be continued since no evaluation or justification of programs takes place. In addition, most institutions will want to adapt their plans in the face of external changes: Legislative developments, changing consumer markets, strategies of competitive organizations, etc.

- ***Competitive Parity Method:*** is based on matching competitors' expenditures. The actions of your competitors are allowed to dictate your budget. While that may provide the same communications "weight" as your competitors, it fails unless you are the same size **and** have the same goals. The assumption underlying this approach is that all firms in the marketplace have the same opportunities for profitable marketing. More likely, your opportunities will not be entirely the same as your competitors'. For example, a bank introducing a new product/service to compete with a competitor's already established product/service, would probably need heavier promotional expenditures just to create awareness among customers.
- ***"Affordable" Method:*** Whatever is left over after other functions have been budgeted and a satisfactory profit planned goes to marketing. This method relegates marketing to definitely secondary status and does not consider the role of the marketing department or the objectives of the bank. It is possible that the resulting allocation will be too small to allow marketing to be very effective. At the other extreme, more may be spent than is needed. At some point, the benefit of increasing the number of advertisements in the local paper, for instance, is negligible. Three ads may not be marginally more effective in creating customer awareness of a new service than would two ads. Furthermore, budgets that fluctuate radically from year to year will make long range planning and the attainment of long term objectives very difficult.

All these "rule of thumb" methods fail to allow for flexibility and do not relate expenditures to your bank's specific marketing objectives. Although a budget created by these arbitrary methods is often referred to as a "budget plan", little planning and analysis has actually taken place. Nonetheless, they are useful as decision parameters and often are used in conjunction with a more analytical procedure like the **task/objective** method.

Managing With a Budget

A written plan and budget are **blueprints for action.** Rather than leaving results to chance and merely reacting to events on a day-to-day basis, use the plan as a roadmap for actionable tasks, allocating resources based on your stated objectives.

A marketing plan should not be set in stone, but rather should be adapted to changing economic and competitive conditions. Be prepared to cut or expand your budget to meet changing revenue, profit, cash flow requirements — or to take advantage of newly developed marketing opportunities. Or, you may need to counter unexpected expenditures by a competitor.

Planning is an on-going, dynamic process. A plan should be used daily, reviewed and updated. The greatest possible mistake is to write a marketing plan and put it on the shelf until it's time to write next year's plan. A good marketing plan is threadbare long before the year is over.

The plan and budget are also **control mechanisms** for evaluating progress toward the achievement of your marketing objectives. For the most effective measurement of promotional results against plan, your stated objectives and performance standards should be quantified whenever possible. Review actual program results periodically — at least on a monthly basis.

Expenditure levels should also be monitored and variances, whether below or above budgeted amounts, should be examined. If expenditures are running ahead of estimates — why? Have the underlying budget assumptions changed — are unforeseen influences causing this variance? If so, perhaps, your objectives and strategies should be modified. If not, budget cuts may be in order. If expenditures are running behind estimates — are your goals being achieved without the planned expenditure and are there alternate, new opportunities to pursue? If goals are not being met, perhaps spending should be increased to the necessary level.

In conclusion, systematic planning can mean improved performance for your bank and more efficient achievement of your marketing objectives.

HOW TO USE THE ANALYSIS

Regardless of which method you use in preparing your own bank's budget, this study should be of value in comparing it to other banks' nationwide.

Be sure to consult all the tables here which delineate the statistics by various characteristics beyond bank asset size. For example, market size and market type, shown in Tables 6 and 7, appear to have a significant impact on the size of the budget.

This study will be of maximum value if your marketing budget is broken down into the same basic categories as those in the survey. Obviously, when making comparisons, it's important to be comparing similar items.

Defining terms

The items used on our questionnaire were built around generally accepted industry definitions for consistency among responding banks so that users of this publication could readily compare their expenditures in similar categories.

Nevertheless, check how your bank classifies expenditures to determine if there are any major differences in yours and these before proceeding with any specific comparisons.

In fact, you may find it convenient to use the table format and descriptions we have used, such as Table 1, to set up your own 1986 budget to assure that the data will be comparable in the future.

A special word on advertising . . . the largest part of your marketing budget will most likely be advertising. In fact, on the average, 63% of responding banks' marketing budgets go to advertising. And these advertising decisions are becoming more and more complex. Media choices are multiplying. Television is very effective for many services, but is also expensive. Cable television is a growing force in many markets. New magazines are emerging with more regional, state, and city editions available. Computers are offering limitless combinations of lists for more effective use of direct mail. Radio stations change formats, and audiences, regularly. The point is that media planning is dynamic because the media themselves are changing and the media mix will differ depending upon the service to be sold. More of your attention will, of necessity, be directed to the planning and budgeting of this area than to any other.

Limitations of the survey

While the survey sampling was taken from both BMA members and nonmembers, it can be assumed that there is a higher response rate among members than nonmembers. Because BMA members may tend to spend more or differently on marketing than nonmembers, the reader should take this potential bias into consideration.

Care was taken to make the definitions of expenditures universally acceptable but at the same time specific enough to be useful to the reader. Nevertheless, respondents may interpret questions differently, indicating an expenditure in an incorrect category.

Finally, the study is not a census of actual expenditures, but more a sampling of data from responding banks' records. As such it represents only a portion of all U.S. banks. The tables and individual statistics therefore should be used in relative terms to make comparisons rather than in absolute terms.

The marketing expenditures which banks made in 1984 are shown in Tables One through Four. The expenditures are shown in a complete budget format based on four different analyses:

1) Average expenditure
2) Median expenditure
3) Percentage of budget for each expenditure
4) Percentage of banks reporting each expenditure type

Each of the four Tables divides the data into the five functional areas of marketing:

- Advertising
- Public Relations
- Sales Promotion
- Staff Sales Training
- Marketing Research

In turn, these five areas are further divided into more detail, for example, by media within Advertising.

Average Expenditures

Table One shows the actual average expenditure for respondents in each budget category. Because not all respondents included detail for each line item, the averages will not necessarily sum to the bottom 'total' line. Nonetheless, the total line and each category represent the average of all banks which reported an expenditure for each item.

Average budgets for respondents range from $11,900 for banks under $10 million in assets to more than $4,400,000 for banks in the largest asset category, over $5 billion.

As pointed out earlier, the averages can be affected by extreme values. Thus you may want to compare average expenditures against the median expenditures in Table 2.

Median Expenditures

The median expenditures for banks range from $6,900 for the banks under $10 million in assets to more than $4,150,000 for the banks over $5 billion in assets.

When compared with last year's data, the median expenditures are generally higher. The total expenditures for 1984 were higher in every asset category except for banks from $50 million to $100 million in assets as reported in last year's "Analysis."

Percentage Allocations

Table 3 allows you to compare the allocation of your own marketing budget with other banks'. The data, expressed in percentages, indicates which media and marketing functions banks are emphasizing.

Of the five major marketing functions, advertising accounts for the largest percentage in all asset ranges (51% for the smallest to 70% in the largest). Based on the data, it can be said that as the size of the bank increases, it is likely to allocate larger portions of its budget to advertising than to other functions.

Advertising did, however, show a slight decrease in its share of the budget as compared to prior years. For example, the average allocation for advertising in 1982 for the nine asset ranges of banks averaged 62%. In 1983 it increased to 66% and in 1984 it decreased to 62.5% of the total marketing budget.

Within Advertising, newspapers still receive the largest share, averaging from 15% to 22% of the marketing budget depending on the size of bank. Television or radio account for the next largest share of the budget, depending on bank size. Radio decreases from 13% share in the smaller banks to as little as 4% in the largest. Television increases from as little as 1% in the smallest to 14% in the largest.

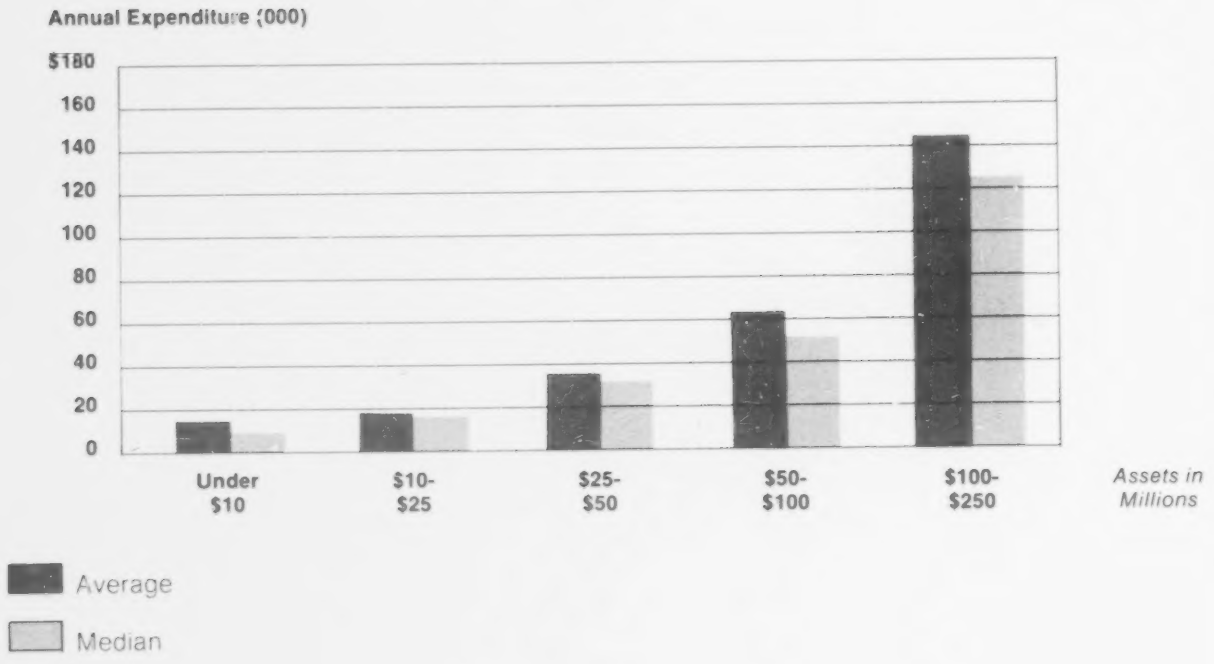
In other categories of marketing, Public Relations accounts for the next largest share behind Advertising ranging from 26% in the smallest banks, decreasing to 12% in the largest. The largest categories within Public Relations are Donations and Special Events. Smaller banks donate as much as 11% of their total budgets; larger banks from 2% to 4%.

Sales Promotion accounted for a slightly larger share of the budget in 1984. These expenditures ranged from 9% to 13% in 1983 and increased to 9% to 18% in 1984. The largest difference between small banks and larger banks is the allocation for Specialties (giveaways such as calendars, pens, etc.) In the smallest they account for 11% to 13% of the total budget, but only 1% of the budget in the largest banks.

As a percentage of the budget, Staff Sales Training and Research still account for the smaller shares. Training receives about 2% and Research about 3%, ranging from 2% to 6%. The allocation for Research tends to increase with the size of the bank, up to 6% in the largest banks.

AVERAGE AND MEDIAN MARKETING EXPENDITURES

The two graphs below show the total average and the median expenditures by asset size as taken from Tables One and Two.



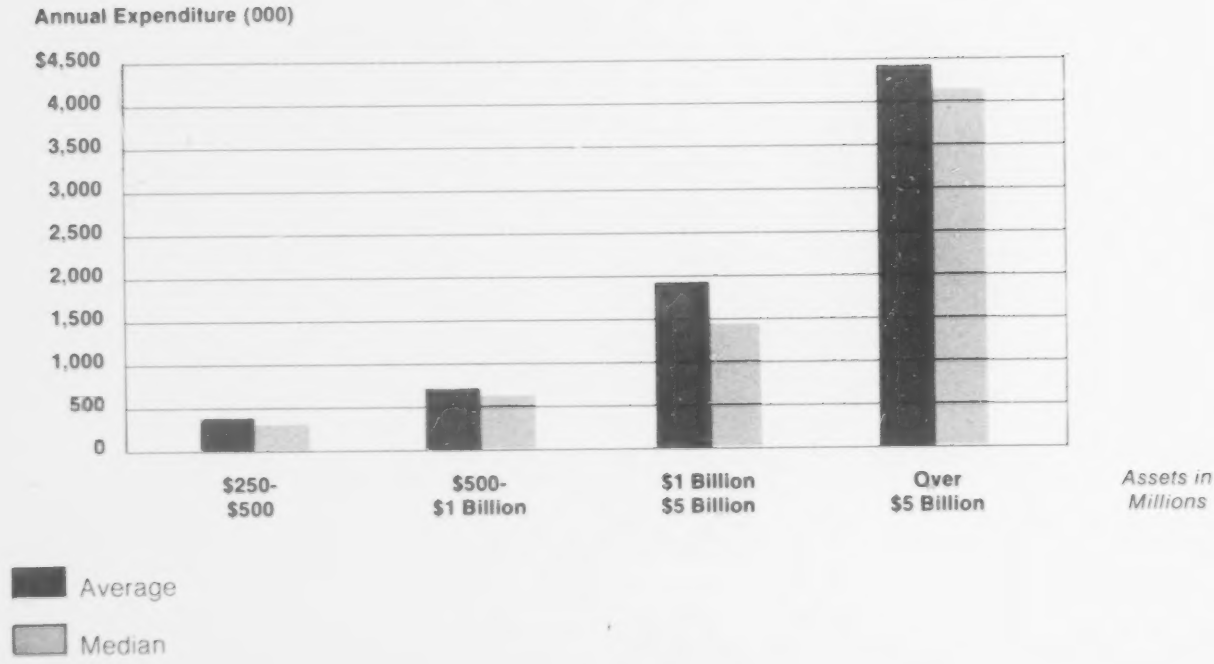


TABLE 1
AVERAGE MARKETING EXPENDITURES BY EXPENDITURE TYPE AND ASSET SIZE
(All Reporting Banks - 1984, $000)

Expenditure Type	Asset Size in Millions: Under $10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
ADVERTISING									
Magazines (consumer, trade, etc.)	$ 7	$ 1.3	$ 1.7	$ 2.3	$ 6.7	$ 9.6	$ 18.1	$ 97.2	$ 196.5
Directories (telephone, bank, city, etc.)	5	9	1.5	2.0	3.9	7.1	12.2	26.9	45.6
Newspapers	2.8	4.2	5.9	11.4	23.8	50.7	156.6	367.0	757.8
Television	2.7	4.7	5.8	7.3	19.8	66.3	108.5	338.3	636.6
Radio	3.0	3.2	5.9	9.5	20.3	35.7	58.0	145.1	178.7
Direct Response (direct mail, literature, lists, postage, stuffers, telemarketing)	3.4	1.8	3.1	3.8	7.8	14.6	41.1	150.2	503.5
Outdoor & Transit (billboards, taxi/bus, train cards, etc.)	1.3	2.2	3.5	5.9	12.8	22.4	25.1	57.9	80.4
Production Expenses (artwork, talent, etc.)	1.6	2.0	3.2	4.4	13.1	32.9	75.9	187.6	400.2
Fees & Commissions (advertising agency, media representative, consultants, etc.)	2.9	5.0	4.4	7.5	11.4	24.2	49.4	126.9	370.7
All Other Advertising	3	3.0	3.7	5.0	10.1	19.4	16.0	61.9	313.7
Sub-Total for Advertising	**6.1**	**10.8**	**20.1**	**36.2**	**91.9**	**214.9**	**472.7**	**1290.0**	**3083.1**
PUBLIC RELATIONS									
Stockholder/Investment Community (annual report, meetings, etc.)	2.1	1.4	2.0	2.4	8.1	15.5	34.9	60.2	230.6
Media Relations (press releases, press conferences, etc.)	1	1.9	7	7	2.3	3.5	6.8	13.2	79.5
Publications (community service publications, newsletters, etc.)	1.3	1.1	1.8	2.1	4.3	8.0	11.3	61.0	113.0
Special Events (seminars, anniversaries, open house, etc.)	1.9	2.6	2.7	3.6	7.1	12.9	22.8	43.1	81.8
Public Relations Consultants Fees	1.0	5.8	3.2	5.3	5.2	13.0	17.0	49.2	67.3
Donations (donation advertising—schools, churches, civic clubs and related publications)	1.8	2.5	4.2	6.2	12.1	15.5	32.2	94.7	128.1
All Other Public Relations	1.9	2.3	2.7	7.4	9.7	15.2	17.5	48.6	61.5
Sub-Total for Public Relations	**3.8**	**4.5**	**7.9**	**12.9**	**29.3**	**48.3**	**98.0**	**235.9**	**584.9**
SALES PROMOTION									
Net Premium Expense (cost of premiums less revenues from premium sales)	2.2	1.8	6.2	5.6	7.2	11.8	28.4	130.6	97.5
Newcomer Services (non-salary only)	3	8	7	1.2	1.7	2.6	7.4	17.2	22.5
Specialities (giveaways, such as calendars, pens, etc.)	2.1	3.8	3.8	5.7	8.5	9.9	15.2	28.3	39.1
Point-of-Sale Materials (displays, banners, brochures, etc.)	1.3	1.7	1.4	1.9	5.8	10.1	33.4	84.5	179.5
Employee Incentives (non-salary expenses directly related to employee sales/customer relations efforts)	1.5	1.4	3.8	2.8	6.8	7.7	24.8	72.7	150.4
All Other Sales Promotion Expenses		4.3	3.6	3.3	5.9	9.6	23.1	151.6	124.3
Sub-Total for Sales Promotion	**2.7**	**4.8**	**6.1**	**9.2**	**18.1**	**27.8**	**71.9**	**226.3**	**393.2**
STAFF SALES/CUSTOMER RELATIONS TRAINING									
External Expenses (consultant fees, materials, facilities, etc.)	1.4	1.0	2.4	3.2	5.9	9.6	14.8	39.2	68.9
Non-Salary Internal Expenses (development, printing, classroom, etc.)	1.4	1.2	1.3	1.8	2.7	2.6	10.4	17.9	50.1
All Other Sales Staff/Customer Relations Training	1	1.6	2.2	4.7	2.9	5.4	16.5	59.0	4.0
Sub-Total for Staff Sales/Customer Relations Training	**1.3**	**1.6**	**2.8**	**4.3**	**6.1**	**9.8**	**19.5**	**64.8**	**96.0**
MARKETING RESEARCH									
External Expenses (supplier expenses such as consultants, field firms, data processing firms, etc.)	7.9	9.2	6.7	6.2	6.4	9.3	24.5	65.9	185.0
Non-Salary Internal Expenses	1.5	1.7	1.4	1.1	2.0	3.2	17.2	19.4	94.9
All Other Marketing Research		3.4	5.3	2.8	3.6	4.1	51.3	27.0	133.9
Sub-Total for Marketing Research	**4.1**	**9.1**	**5.2**	**4.9**	**6.0**	**9.7**	**37.5**	**77.4**	**303.0**
All Other Marketing Expenses		3.8	5.3	5.0	17.3	40.0	28.5	110.2	535.5
Total Marketing Expenditures	**11.9**	**19.1**	**34.7**	**60.1**	**144.5**	**308.6**	**662.4**	**1850.3**	**4402.6**

TABLE 2
MEDIAN MARKETING EXPENDITURES BY EXPENDITURE TYPE AND ASSET SIZE
(All Reporting Banks - 1984, $000)

Expenditure Type	Asset Size in Millions								
	Under $10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
ADVERTISING									
Magazines (consumer, trade, etc.)	$ .5	$ .9	$ 1.0	$ 1.5	$ 2.6	$ 6.0	$ 12.0	$ 60.0	$ 160.0
Directories (telephone, bank, city, etc.)	.4	.8	1.0	1.4	2.9	4.9	9.2	20.0	38.3
Newspapers	2.0	3.2	5.0	8.4	19.2	42.7	96.0	250.0	542.2
Television	2.0	1.0	2.0	4.0	12.5	50.0	100.0	261.2	673.2
Radio	1.0	2.0	4.3	8.0	16.0	27.5	44.0	102.0	178.3
Direct Response (direct mail, literature, lists, postage, stuffers, telemarketing)	1.0	1.0	1.2	2.0	5.0	10.0	23.7	90.0	251.0
Outdoor & Transit (billboards, taxi/bus, train cards, etc.)	.5	1.0	2.0	3.7	9.0	15.6	25.0	44.9	45.6
Production Expenses (artwork, talent, etc.)	1.0	1.0	1.2	2.5	9.0	27.6	55.0	142.4	346.1
Fees & Commissions (advertising agency, media representative, consultants, etc.)	2.9	3.5	3.0	5.0	10.0	21.0	37.8	100.0	374.5
All Other Advertising	1.0	1.5	2.1	2.0	5.9	13.0	10.0	38.5	150.0
Sub-Total for Advertising	**2.1**	**8.1**	**18.0**	**31.8**	**82.9**	**190.4**	**449.5**	**1113.0**	**3122.0**
PUBLIC RELATIONS									
Stockholder/Investment Community (annual report, meetings, etc.)	.5	1.0	1.0	1.5	5.6	11.2	30.0	50.0	229.2
Media Relations (press releases, press conferences, etc.)	.1	2.0	.5	.5	1.0	1.5	2.0	6.0	30.0
Publications (community service publications, newsletters, etc.)	.5	1.0	1.0	1.4	2.9	5.0	6.7	20.0	96.0
Special Events (seminars, anniversaries, open house, etc.)	.5	2.0	2.0	2.1	4.3	8.0	10.0	26.9	50.0
Public Relations Consultants Fees	1.0	4.5	1.2	5.0	4.0	12.0	12.0	30.0	42.0
Donations (include donation advertising—schools, churches, civic clubs)	1.0	2.0	3.0	4.4	8.2	10.0	16.5	18.5	75.0
All Other Public Relations	.5	1.2	1.5	4.8	4.7	6.0	12.4	34.0	30.0
Sub-Total for Public Relations	**2.5**	**4.0**	**6.1**	**10.0**	**23.0**	**35.0**	**76.9**	**123.2**	**431.0**
SALES PROMOTION									
Net Premium Expense (cost of premiums less revenues from premium sales)	3.0	1.0	2.0	2.0	3.5	6.0	10.0	25.0	27.2
Newcomer Services (non-salary only)	.3	.7	.5	.8	1.0	2.0	2.0	11.2	10.0
Specialities (giveaways, such as calendars, pens, etc.)	1.0	2.0	3.0	4.5	7.0	7.5	10.0	15.0	25.0
Point-of-Sale Materials (displays, banners, brochures, etc.)	1.0	1.0	1.0	1.1	3.0	5.0	16.2	40.2	125.0
Employee Incentives (non-salary expenses directly related to employee sales/customer relations effort)	1.7	1.0	2.0	1.5	3.0	5.0	7.2	25.0	40.0
All Other Sales Promotion Expenses		2.9	2.5	2.0	3.3	3.0	18.0	33.0	29.8
Sub-Total for Sales Promotion	**1.5**	**2.8**	**4.0**	**7.0**	**13.0**	**22.0**	**47.0**	**109.0**	**250.3**
STAFF SALES/CUSTOMER RELATIONS TRAINING									
External Expenses (consultant fees, materials, facilities, etc.)	1.0	1.0	1.0	2.0	2.5	4.8	10.0	25.3	70.0
Non-Salary Internal Expenses (development, printing, classroom, etc.)	.12	1.0	1.0	1.0	1.5	2.0	3.0	10.0	4.0
All Other Sales Staff/Customer Relations Training	.00	1.1	1.1	1.5	2.0	2.0	2.5	5.0	4.0
Sub-Total for Staff Sales/Customer Relations Training	**1.0**	**1.0**	**1.6**	**2.0**	**3.0**	**4.8**	**12.0**	**31.3**	**90.8**
MARKETING RESEARCH									
External Expenses (supplier expenses such as consultants, field firms, data processing firms, etc.)	.9	3.0	1.2	1.5	3.0	6.5	25.0	44.7	150.0
Non-Salary Internal Expenses	1.8	.3	1.0	.6	2.0	1.0	7.5	9.0	40.0
All Other Marketing Research		1.0	1.0	1.0	2.0	1.5	8.6	6.0	30.0
Sub-Total for Marketing Research	**1.8**	**3.0**	**1.0**	**1.5**	**3.0**	**6.6**	**29.0**	**44.7**	**171.5**
All Other Marketing Expenses		1.0	3.0	3.0	10.0	30.0	18.2	30.0	478.4
Total Marketing Expenditures	**6.9**	**16.3**	**31.0**	**51.5**	**126.0**	**296.5**	**632.7**	**1462.7**	**4150.7**

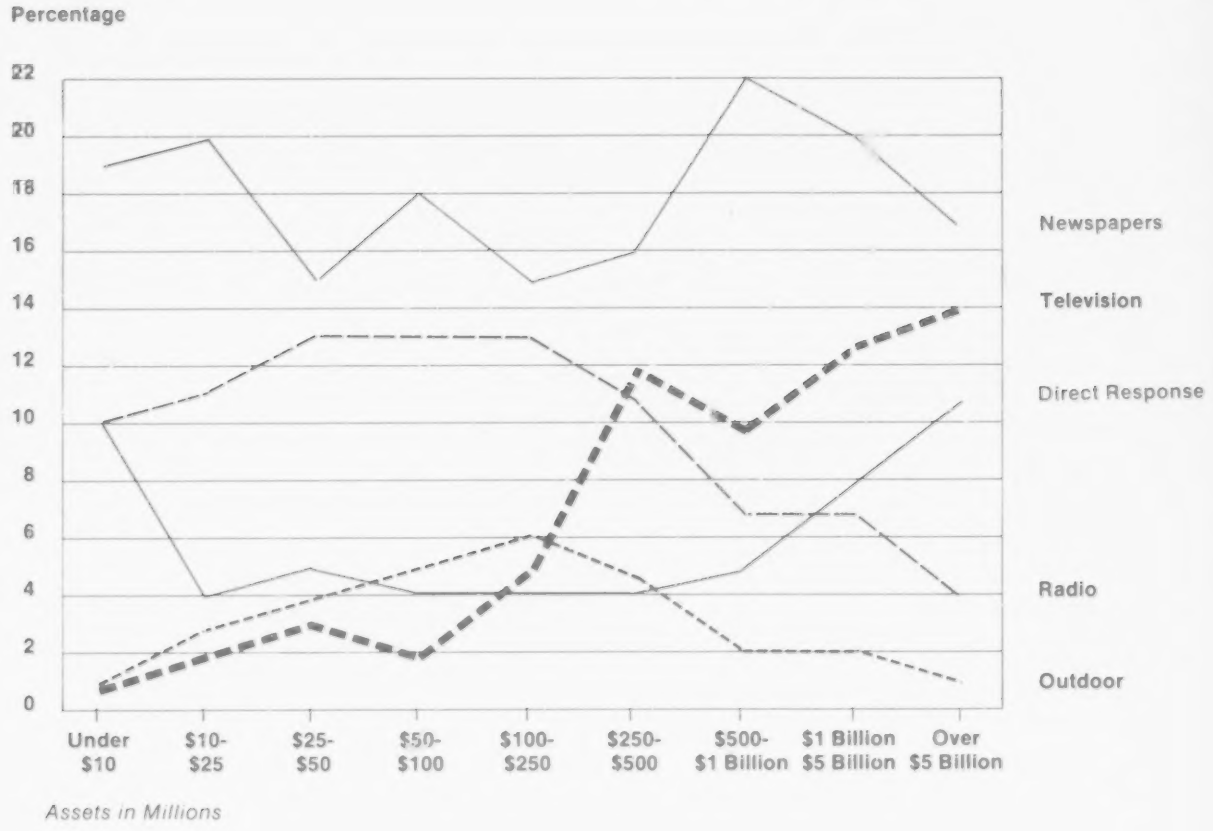
TABLE 3
PERCENTAGE OF REPORTING BANK BUDGETS SPENT ON EACH EXPENDITURE TYPE IN 1984 BY ASSET SIZE

Expenditure Type	Asset Size in Millions: Under $10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
ADVERTISING									
Magazines (consumer, trade, etc.)	1%	1%	1%	1%	2%	2%	2%	5%	4%
Directories (telephone, bank, city, etc.)	2	3	3	3	2	2	2	1	1
Newspapers	19	20	15	18	15	16	22	20	17
Television	1	2	3	2	5	12	10	13	14
Radio	10	11	13	13	13	11	7	7	4
Direct Response (direct mail, literature, lists, postage, stuffers, telemarketing)	10	4	5	4	4	4	5	8	11
Outdoor & Transit (billboards, taxi/bus, train cards, etc.)	1	3	4	5	6	5	2	2	1
Production Expenses (artwork, talent, etc.)	2	2	3	4	7	9	10	9	9
Fees & Commissions (advertising agency, media representative, consultants, etc.)	1	5	4	6	5	6	6	5	5
All Other Advertising	2	3	3	2	3	2	1	1	4
Sub-Total for Advertising	51	54	57	59	63	70	69	70	70
PUBLIC RELATIONS									
Stockholder/Investment Community (annual report, meetings, etc.)	3	1	2	2	4	4	4	2	3
Media Relations (press releases, press conferences, etc.)	*	*	*	*	*	*	*	*	1
Publications (community service publications, newsletters, etc.)	2	1	2	1	2	1	1	2	2
Special Events (seminars, anniversaries, open house, etc.)	7	5	4	4	4	3	3	2	2
Public Relations Consultants Fees	*	*	*	1	*	1	1	1	1
Donations (include donation advertising—schools, churches, civic clubs)	11	10	10	9	8	4	4	4	2
All Other Public Relations	2	2	2	3	3	1	1	1	1
Sub-Total for Public Relations	26	20	21	21	20	15	14	12	12
SALES PROMOTION									
Net Premium Expense (cost of premiums less revenues from premium sales)	2	1	2	2	1	1	1	3	1
Newcomer Services (non-salary only)	*	*	*	*	*	*	*	*	*
Specialities (giveaways, such as calendars, pens, etc.)	11	13	8	8	5	3	2	1	1
Point-of-Sale Materials (displays, banners, brochures, etc.)	2	1	1	1	2	2	4	4	4
Employee Incentives (non-salary expenses directly related to employee sales/customer relations effort)	2	1	2	1	2	1	2	2	2
All Other Sales Promotion Expenses		2	1	1	1	1	1	2	2
Sub-Total for Sales Promotion	17	18	14	14	12	9	10	12	9
STAFF SALES/CUSTOMER RELATIONS TRAINING									
External Expenses (consultant fees, materials, facilities, etc.)	2	1	1	2	1	1	1	1	*
Non-Salary Internal Expenses (development, printing, classroom, etc.)	1	1	1	1	*	*	*	*	*
All Other Sales Staff/Customer Relations Training		1	1	1	*	*	*	1	*
Sub-Total for Staff Sales/Customer Relations Training	3	2	3	3	2	2	1	2	1
MARKETING RESEARCH									
External Expenses (supplier expenses such as consultants, field firms, data processing firms, etc.)	3	4	2	2	1	2	3	3	4
Non-Salary Internal Expenses	1	*	*	*	*	*	1	*	2
All Other Marketing Research		1	1	*	*	*	1	*	1
Sub-Total for Marketing Research	4	4	3	2	2	2	4	3	6
All Other Marketing Expenses		1	1	1	2	3	1	1	2
Total Marketing Expenditures	100	100	100	100	100	100	100	100	100

* = Less than 0.5%

PRIME MEDIA BY PERCENTAGE OF TOTAL MARKETING BUDGET

(Taken from Table 3)



WHERE THE BUDGET IS SPENT

Percentage Using

While Table 3 shows the portion of the budget allocated to each marketing function, Table 4 shows what portion of responding banks spent any amount on each function.

Nearly all banks made an expenditure for Advertising (97% to 100%). The most widely used medium within Advertising is newspapers, by 83% or more of banks. Directories were used by 47% or more, depending on bank size, and radio was used by 38% or more. As would be expected, usage of most media is correlated to bank size, with the largest banks reporting an expenditure in most categories.

Nearly as many banks reported Public Relations expenditures as Advertising expenditures. Within Public Relations, the most frequently reported item was donations, followed by Special Events and Shareholder Relations.

Approximately three-fourths or more of banks report spending money on Sales Promotion activities. Within that, Specialties were the most frequent expenditure. Point of Sale materials such as signs and brochures were used by 17% of smaller banks and 88% of the largest.

Staff Sales/Customer Relations Training were reported in about one-fourth of the smallest banks and about one-third to one-half of the larger banks.

Only about 10% of the smallest banks reported spending money on Marketing Research while 74% to 94% of the largest banks did.

TABLE 4
PERCENTAGE OF BANKS REPORTING MARKETING EXPENDITURES OF EACH TYPE IN 1984 BY ASSET SIZE

Expenditure Type	Asset Size in Millions: Under $10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
ADVERTISING									
Magazines (consumer, trade, etc.)	11%	19%	27%	30%	40%	63%	71%	86%	100%
Directories (telephone, bank, city, etc.)	47	59	69	82	84	91	86	92	81
Newspapers	83	90	88	94	94	95	91	98	100
Television	6	10	20	20	37	56	64	73	94
Radio	38	68	75	80	90	91	76	85	94
Direct Response (direct mail, literature, lists, postage, stuffers, telemarketing)	36	43	51	69	79	89	84	92	100
Outdoor & Transit (billboards, taxi/bus, train cards, etc.)	6	22	42	53	66	73	62	65	75
Production Expenses (artwork, talent, etc.)	17	19	34	53	78	85	88	86	94
Fees & Commissions (advertising agency, media representative, consultants, etc.)	4	17	29	48	62	73	74	73	63
All Other Advertising	17	22	29	28	40	38	45	32	50
Sub-Total for Advertising	**98**	**97**	**99**	**98**	**99**	**100**	**97**	**100**	**100**
PUBLIC RELATIONS									
Stockholder/Investment Community (annual report, meetings, etc.)	17	19	34	55	67	74	72	73	63
Media Relations (press releases, press conferences, etc.)	2	3	4	17	20	36	47	62	75
Publications (community service publications, newsletters, etc.)	19	18	33	40	51	56	59	61	69
Special Events (seminars, anniversaries, open house, etc.)	43	40	54	61	71	69	76	74	81
Public Relations Consultants Fees	4	1	3	6	8	17	28	27	38
Donations (include donation advertising—schools, churches, civic clubs)	77	78	82	89	92	85	88	76	81
All Other Public Relations	13	14	28	28	38	29	43	32	56
Sub-Total for Public Relations	**83**	**88**	**93**	**97**	**97**	**96**	**95**	**94**	**88**
SALES PROMOTION									
Net Premium Expense (cost of premiums less revenues from premium sales)	11	7	9	23	26	36	34	36	38
Newcomer Services (non-salary only)	9	6	14	25	31	21	17	23	38
Specialities (giveaways, such as calendars, pens, etc.)	60	67	74	81	86	84	83	80	94
Point-of-Sale Materials (displays, banners, brochures, etc.)	17	15	25	46	62	75	83	77	88
Employee Incentives (non-salary expenses directly related to employee sales/customer relations effort)	15	12	17	29	40	48	52	52	56
All Other Sales Promotion Expenses		7	8	12	18	17	16	30	56
Sub-Total for Sales Promotion	**72**	**72**	**82**	**90**	**95**	**95**	**95**	**98**	**100**
STAFF SALES/CUSTOMER RELATIONS TRAINING									
External Expenses (consultant fees, materials, facilities, etc.)	17	13	19	29	27	38	28	39	25
Non-Salary Internal Expenses (development, printing, classroom, etc.)	6	8	15	26	26	31	24	35	25
All Other Sales Staff/Customer Relations Training	4	12	15	15	17	12	7	18	6
Sub-Total for Staff Sales/Customer Relations Training	**28**	**26**	**38**	**48**	**47**	**53**	**40**	**50**	**31**
MARKETING RESEARCH									
External Expenses (supplier expenses such as consultants, field firms, data processing firms, etc.)	4	8	9	17	32	57	69	76	94
Non-Salary Internal Expenses	6	1	4	10	14	17	22	39	81
All Other Marketing Research		3	4	4	8	9	14	21	25
Sub-Total for Marketing Research	**11**	**9**	**15**	**27**	**43**	**64**	**74**	**82**	**94**
All Other Marketing Expenses		3	4	8	16	24	33	18	19
Total Marketing Expenditures	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

BUDGET BY MARKET SIZE AND TYPE

Tables 5 through 7 show the responding banks' marketing expenditures as related to their market size and type. Table 5 shows the detailed budget for four different population ranges of under 100,000 to more than 1,000,000. Table 6 shows the four different population ranges and the total marketing budget by the nine different asset ranges of banks. Table 7 shows the same population information by six different market types.

When using Tables 6 and 7, be aware of the smaller samples in a few of the categories and the effect of projecting the data to other environments. Among respondents, about 62% were located in markets of 100,000 persons or less; 23% in markets of 100,000 to 500,000; 6% in markets of 500,000 to 1,000,000, and 9% in markets of 1,000,000 or more.

Tables 6 and 7 also show 'minimum and maximum' values for the responding banks along with the median and the average. These values, which represent the highest and the lowest expenditures in various categories, show the range of respondents' budgets to help you place your own in perspective.

Environment has a strong influence on marketing expenditures. These tables allow readers to compare more precisely their own bank's environment with responding banks'. For example, you can use Table 5 to find the average expenditures for any of the more than 30 different categories based on your market's population. You can use Tables 6 and 7 to determine typical overall budgets, narrowing the total down to the size of your bank and size and type of your market.

As an example of how market size influences the budget, consider a $300 million bank in Table 6. In the smallest markets (under 100,000), the average bank spent $235,400. In markets up to 500,000, they spent $297,800; in markets up to 1,000,000, they spent $360,200, and in the largest markets, over 1,000,000, they spent $470,100.

Although these tables are useful for comparison purposes, they should not be considered absolutes. Your marketing plan, as described earlier in the "Budgeting for Bank Marketing" section, should take into consideration the factors of your marketplace such as size, available media, and competition.

Even banks in the smaller asset categories have been able to compete successfully with the largest institutions by seeking out opportunities in a special niche ... such as serving smaller businesses, professionals, or others, rather than confronting the market head-on with a smaller budget.

TABLE 5
AVERAGE MARKETING EXPENDITURES BY EXPENDITURE TYPE AND POPULATION SIZE
(All Reporting Banks - 1984, $000)

Expenditure Type	Population Size: Under 100,000	100,000-500,000	500,000-1 Million	1 Million or More
ADVERTISING				
Magazines (consumer, trade, etc.)	$ 2.2	$ 9.9	$ 39.0	$ 85.3
Directories (telephone, bank, city, etc.)	2.1	6.5	10.1	24.4
Newspapers	11.3	43.0	143.4	358.8
Television	10.9	52.7	151.3	415.7
Radio	11.2	26.1	59.9	129.6
Direct Response (direct mail, literature, lists, postage, stuffers, telemarketing)	4.0	14.9	35.4	175.9
Outdoor & Transit (billboards, taxi/bus, train cards, etc.)	6.6	19.5	24.0	54.4
Production Expenses (artwork, talent, etc.)	9.0	26.1	76.2	175.5
Fees & Commissions (advertising agency, media representative, consultants, etc.)	8.3	20.5	59.6	128.6
All Other Advertising	5.7	14.2	25.1	114.0
Sub-Total for Advertising	**39.3**	**163.5**	**457.6**	**1215.5**
PUBLIC RELATIONS				
Stockholder/Investment Community (annual report, meetings, etc.)	4.7	11.5	38.8	69.4
Media Relations (press releases, press conferences, etc.)	1.3	3.1	12.1	23.1
Publications (community service publications, newsletters, etc.)	2.5	6.9	23.1	53.2
Special Events (seminars, anniversaries, open house, etc.)	4.1	11.9	25.5	39.1
Public Relations Consultants Fees	6.5	11.0	19.9	47.9
Donations (include donation advertising—schools, churches, civic clubs)	6.2	14.3	30.0	73.5
All Other Public Relations	5.7	12.2	28.4	50.4
Sub-Total for Public Relations	**13.5**	**39.9**	**108.9**	**218.2**
SALES PROMOTION				
Net Premium Expense (cost of premiums less revenues from premium sales)	5.8	10.4	31.4	101.0
Newcomer Services (non-salary only)	1.2	2.7	34.2	15.0
Specialities (giveaways, such as calendars, pens, etc.)	5.7	9.3	14.1	21.9
Point-of-Sale Materials (displays, banners, brochures, etc.)	3.2	10.6	27.3	77.0
Employee Incentives (non-salary expenses directly related to employee sales/customer relations effort)	3.3	8.0	19.2	77.9
All Other Sales Promotion Expenses	4.3	8.2	27.6	146.7
Sub-Total for Sales Promotion	**9.5**	**24.2**	**66.1**	**193.5**
STAFF SALES/CUSTOMER RELATIONS TRAINING				
External Expenses (consultant fees, materials, facilities, etc.)	3.9	9.0	10.8	34.8
Non-Salary Internal Expenses (development, printing, classroom, etc.)	2.1	3.6	10.3	14.9
All Other Sales Staff/Customer Relations Training	2.8	2.7	35.6	39.4
Sub-Total for Staff Sales/Customer Relations Training	**4.2**	**8.8**	**21.6**	**44.8**
MARKETING RESEARCH				
External Expenses (supplier expenses such as consultants, field firms, data processing firms, etc.)	6.1	11.3	29.1	82.7
Non-Salary Internal Expenses	1.6	5.9	29.9	34.0
All Other Marketing Research	3.5	18.8	7.0	47.5
Sub-Total for Marketing Research	**5.6**	**14.3**	**37.1**	**101.5**
All Other Marketing Expenses	8.9	42.4	33.0	145.4
Total Marketing Expenditures	**63.1**	**239.8**	**654.2**	**1712.1**

TABLE 6
AVERAGE AND MEDIAN MARKETING EXPENDITURES BY POPULATION SIZE AND ASSET SIZE
(All Reporting Banks - 1984, $000)

Population Size	Asset Size in Millions								
	Under $10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
Under 100,000									
Number of Reporting Banks	43	129	162	159	149	28	2		
Average Expenditure	**$ 9.0**	**$ 18.3**	**$ 33.4**	**$ 56.8**	**$120.7**	**$235.4**	**$329.1**		
Minimum Expenditure	5	1.2	8.2	8.0	24.0	80.7	85.4		
Maximum Expenditure	51.2	102.0	90.0	170.0	330.9	420.4	572.9		
Median Expenditure	**6.5**	**16.0**	**30.3**	**50.9**	**109.3**	**239.8**	**85.4**		
100,000 - 500,000									
Number of Reporting Banks	2	10	15	38	95	64	23	9	
Average Expenditure	**50.2**	**30.0**	**40.9**	**69.6**	**158.7**	**297.8**	**622.9**	**1031.0**	
Minimum Expenditure	47.3	1.0	2.7	6.0	12.8	97.3	296.5	695.4	
Maximum Expenditure	53.1	68.5	103.5	237.0	399.6	560.5	2012.0	1540.2	
Median Expenditure	**47.3**	**22.0**	**42.0**	**60.4**	**151.0**	**283.2**	**380.2**	**1020.6**	
500,000 - 1 Million									
Number of Reporting Banks	d	2	2	2	11	15	19	11	d
Average Expenditure		**7.5**	**36.5**	**130.8**	**301.8**	**360.2**	**685.1**	**1399.1**	
Minimum Expenditure		7.0	15.0	97.5	56.0	56.0	64.1	584.7	
Maximum Expenditure		8.0	57.9	164.0	1123.3	697.8	1399.2	2413.0	
Median Expenditure		**7.0**	**15.0**	**97.5**	**219.0**	**339.6**	**674.0**	**1141.0**	
1 Million or More									
Number of Reporting Banks	d	2	d	3	15	11	12	43	15
Average Expenditure		**39.0**		**44.2**	**174.3**	**470.1**	**731.7**	**2169.6**	**4404.3**
Minimum Expenditure		12.0		35.0	82.9	162.9	55.8	554.0	505.3
Maximum Expenditure		66.0		53.5	363.2	847.0	1187.0	5995.0	6665.0
Median Expenditure		**12.0**		**44.0**	**144.1**	**408.8**	**771.4**	**1888.6**	**4150.7**

d — Disclosure: Reporting this data could make it possible to identify an individual responding bank.

TABLE 7
AVERAGE AND MEDIAN MARKETING EXPENDITURES BY POPULATION SIZE AND MARKET TYPE
(All Reporting Banks - 1984, $000)

Population Size	Market Type: Statewide	Urban SMSA	Suburban SMSA	Urban Not SMSA	Suburban Not SMSA	Rural
Under 100,000						
Number of Reporting Banks	d	37	74	84	60	403
Average Expenditure		**$116.4**	**$ 84.9**	**$100.7**	**$ 92.2**	**$ 40.8**
Minimum Expenditure		2.6	1.8	11.0	2.0	.5
Maximum Expenditure		420.4	292.0	353.5	340.2	312.0
Median Expenditure		**90.0**	**59.1**	**74.8**	**76.8**	**29.0**
100,000 - 500,000						
Number of Reporting Banks	7	102	87	15	27	15
Average Expenditure	**296.8**	**262.2**	**227.1**	**204.7**	**213.9**	**233.9**
Minimum Expenditure	33.1	2.7	1.0	36.0	22.0	12.8
Maximum Expenditure	722.5	1257.1	2012.0	494.0	1540.2	1346.9
Median Expenditure	**206.1**	**180.0**	**168.6**	**176.1**	**122.0**	**103.5**
500,000 - 1 Million						
Number of Reporting Banks	13	26	15	2	5	d
Average Expenditure	**605.7**	**853.7**	**641.1**	**242.0**	**324.3**	
Minimum Expenditure	178.9	8.0	57.9	164.0	97.5	
Maximum Expenditure	1123.3	4377.0	1848.0	320.0	681.0	
Median Expenditure	**548.0**	**419.8**	**551.1**	**164.0**	**250.0**	
1 Million or More						
Number of Reporting Banks	44	38	16	3	d	
Average Expenditure	**2349.8**	**1220.6**	**955.6**	**1472.4**		
Minimum Expenditure	55.8	35.0	12.0	59.0		
Maximum Expenditure	6659.6	6585.8	3576.1	4150.7		
Median Expenditure	**2037.4**	**675.1**	**353.0**	**207.6**		

d — Disclosure: Reporting this data could make it possible to identify an individual responding bank.

Survey respondents were asked to indicate what portion of their marketing budget was spent on each of the following areas:

A) Retail (to individuals)
B) Commercial/Corporate (to businesses)
C) Trust
D) Institutional

As shown in Table 8, the major portion of most banks' budget is spent on retail marketing, though the percentage generally declines as the size of the bank increases. For example, in the smallest banks, under $10 million, about 70% of expenditures are retail. In the middle range ($100 million to $250 million), about 54% is retail, and in the largest banks about 60% to 64% is retail.

Commercial/Corporate marketing has its largest share in middle range banks (about 23%), and smaller shares in the largest banks (12% in banks over $5 billion).

Trust marketing is directly correlated to asset size, with the smallest banks allocating less than 1% of their budget and the largest banks allocating 6%.

Institutional advertising varies widely with size, ranging from 7.7% up to 19.1% of the total budget.

As shown in Table 9, about 85% of banks use retail marketing, somewhat less than indicated in prior years of the "Analysis". Commercial/Corporate marketing is used by only 55% of the smallest banks but by 67% to 79% of the larger banks. Trust marketing is used by a small minority of the banks under $100 million, but by about one-half of the banks over $100 million. Institutional marketing increases with the size of the bank, from 21% for the smallest to 69% for the largest.

Tables 10 and 11 show the breakdown for marketing by type of service according to population size of the market and by asset range. Retail expenditures range from $8,600 in the smallest banks to more than $2,729,000 in the largest. Commercial/Corporate marketing ranges from $4,300 in the smallest banks to more than $660,000 in the largest. Trust ranges from $2,600 to more than $360,000, and institutional from $5,500 to more than $887,000.

TABLE 8
PERCENTAGE OF REPORTING BANKS' BUDGETS SPENT ON EACH SERVICE BY ASSET SIZE

Service Type	Asset Size in Millions								
	Under $10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
Retail Services (individuals)	69.7%	66.8%	63.9%	58.7%	53.7%	57.7%	63.3%	60.6%	63.7%
Commercial/Corporate (business)	17.7	21.9	19.6	23.0	19.5	16.9	16.4	13.4	12.1
Trust	1	6	1.1	2.1	5.3	4.6	4.1	3.9	6.0
Institutional	11.2	7.7	13.2	14.9	19.1	18.7	13.5	17.6	15.2
Other	1.3	2.9	2.1	1.3	2.4	2.2	2.7	4.5	2.9
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

SHARE OF EXPENDITURES BY ASSET GROUP

(data compiled from Table 8)

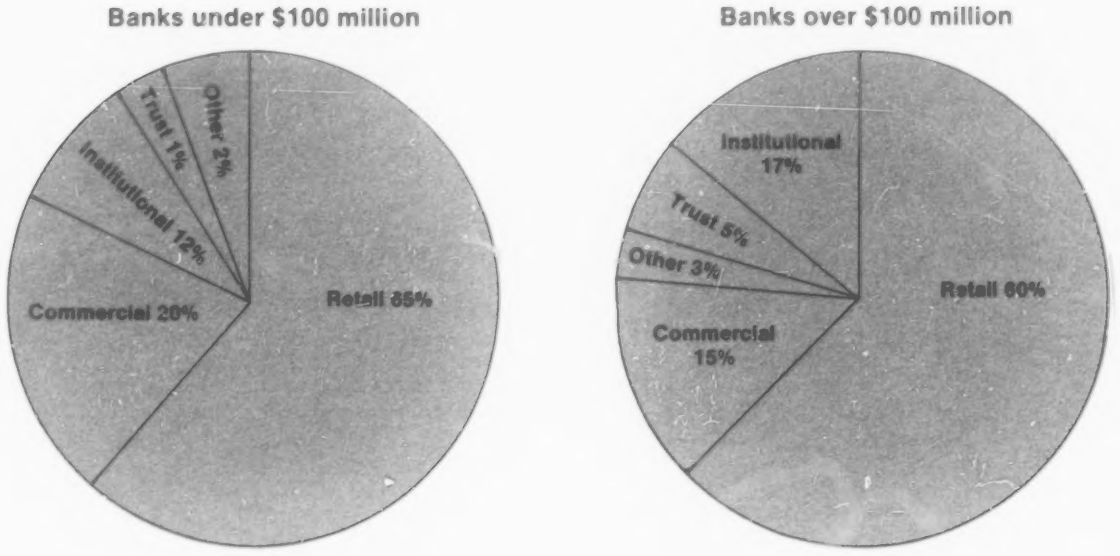


TABLE 9
PERCENTAGE OF REPORTING BANKS MARKETING EACH SERVICE BY ASSET SIZE

Service Type	Asset Size in Millions								
	Under $10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
Retail Services (individuals)	81%	83%	75%	85%	86%	92%	86%	85%	88%
Commercial/Corporate (business)	55	71	64	72	73	75	79	67	75
Trust	2	6	12	23	50	51	48	44	69
Institutional	21	26	39	56	68	74	67	58	69
Other	2	9	9	10	16	13	19	24	38

TABLE 10
AVERAGE MARKETING EXPENDITURE BY SERVICE TYPE AND POPULATION SIZE
(All Reporting Banks - 1984, $000)

Service Type	Population Size			
	Under 100,000	100,000-500,000	500,000-1 Million	1 Million or More
Retail Services (individuals)	$40.2	$132.3	$400.4	$1032.4
Commercial/Corporate (business)	12.9	50.1	138.5	284.6
Trust	10.0	22.5	68.2	167.2
Institutional	20.8	65.9	141.0	441.4
Other	11.1	43.6	123.7	254.3

TABLE 11
AVERAGE MARKETING EXPENDITURE BY SERVICE TYPE AND ASSET SIZE
(All Reporting Banks - 1984, $000)

Service Type	Asset Size in Millions*								
	Under $10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
Retail Services (individuals)	$ 8.6	$12.5	$23.5	$37.3	$77.0	$174.4	$439.2	$1064.9	$2729.0
Commercial/Corporate (business)	4.3	6.7	9.0	16.2	36.2	74.0	108.9	304.7	666.4
Trust	2.6	1.7	2.9	5.0	14.0	21.9	46.3	129.0	360.1
Institutional	5.5	4.8	10.1	13.9	37.6	71.1	116.2	484.3	887.4
Other	5.5	6.4	5.4	5.1	17.4	43.2	76.7	296.0	312.8

TABLE 12
MEDIAN MARKETING EXPENDITURES BY SERVICE TYPE AND ASSET SIZE
(All Reporting Banks - 1984, $000)

Service Type	Asset Size in Millions								
	Under $10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
Retail Services (individuals)	$4.1	$10.3	$21.1	$30.0	$63.9	$160.5	$366.4	$819.4	$2382.8
Commercial/Corporate (business)	1.5	3.3	7.0	11.1	24.0	37.7	57.2	260.0	433.0
Trust	2.6	1.4	1.3	3.2	9.3	17.0	39.4	90.1	316.3
Institutional	2.1	3.2	5.0	8.0	25.7	48.8	62.8	306.2	875.1
Other	5.5	2.6	4.7	3.8	10.9	17.8	38.6	203.7	333.0

USE OF ADVERTISING AGENCIES

This section of the report describes what source banks use for creation of their advertising and what methods of compensation they use for its production.

As in prior years of the "Analysis", use of agencies is directly correlated to bank size. The prime difference in this year's data is the even stronger difference between banks under and over $100 million in assets. Those under are now even less likely to use an agency and those over are even more likely to use one.

In the smallest banks, 76% or more use bank staff for advertising. On average, in banks under $100 million in assets, 74% use bank staff. At the same time, in banks over $100 million, the use of agencies varies from 55% to 92%.

In general, holding companies were not cited often as a primary source of advertising. As in prior years, the figures ranged from 2% up to 7%. Most respondents who indicated "other" in response to this question rely on one or more free-lance arrangements or on assistance directly from the advertising media.

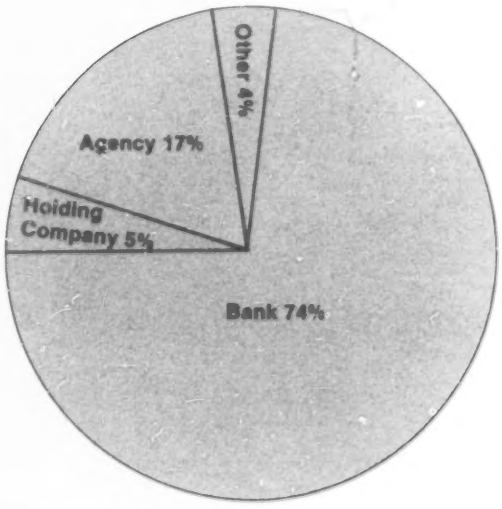
Table 14 shows usage of various sources based on markets of various sizes. As might be expected, agency usage is lowest in small markets and highest in larger markets. It varies from 27% in markets under 100,000 to 81% in the largest. Similar findings hold true in Table 15 which shows source of advertising by type of market. In statewide markets, 78% of banks use agencies. That figure, however, decreases as the market size diminishes to a low of 21% in rural markets.

Holding companies appear to be used most often as the primary source in urban markets which are in an SMSA.

SOURCE FOR CREATING ADVERTISING

(data compiled from Table 13)

Banks under $100 million



Banks over $100 million

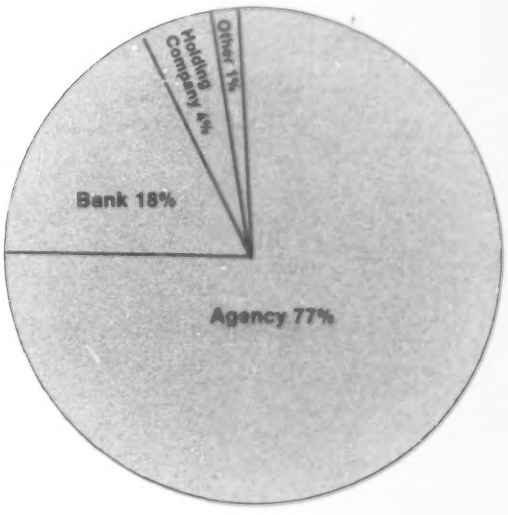


TABLE 13
BANK'S PRIMARY SOURCE FOR CREATING ADVERTISING DURING 1984
(All Reporting Banks - 1984, $000)

Primary Source	Asset Size in Millions								
	Under $10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
Used Bank Staff	76%	77%	79%	63%	38%	15%	22%	8%	6%
Used Holding Company Staff	7	6	2	7	6	5	3		6
Used Outside Agency	11	13	16	28	54	77	72	92	88
Other	7	4	3	2	1	3	2		
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

TABLE 14
PRIMARY SOURCE FOR CREATING ADVERTISING BY POPULATION

	Under 100,000	100,000-500,000	500,000-1 Million	1 Million or More
Used Bank Staff	65%	32%	25%	16%
Used Holding Company Staff	5	7	2	3
Used Outside Agency	27	58	70	81
Other	2	3	3	
Total	100%	100%	100%	100%

TABLE 15
PRIMARY SOURCE FOR CREATING ADVERTISING BY MARKET TYPE

	State-wide	Urban SMSA	Suburban SMSA	Urban Not SMSA	Suburban Not SMSA	Rural
Used Bank Staff	18%	26%	39%	51%	44%	73%
Used Holding Company Staff	3	9	6	6	3	3
Used Outside Agency	78	63	50	43	52	21
Other		1	5		1	3
Total	100%	100%	100%	100%	100%	100%

TABLE 16
HOW AGENCY WAS COMPENSATED FOR SERVICES IN 1984
(All Reporting Banks - 1984, $000)

Compensation Type	Asset Size in Millions: Under $10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
Fees Only		65%	61%	56%	43%	41%	30%	26%	36%
Media Commissions Only			4	6	3	7	13	18	21
Both Fees and Commissions	100%	35	36	38	54	52	58	56	43

TABLE 17
AVERAGE EXPENDITURE FOR FEES AND COMMISSIONS AT AN OUTSIDE ADVERTISING AGENCY
Asset Size in Millions

Compensation	Under $10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
Number of Reporting Banks	2	5	9	19	68	43	19	27	6
Median Expenditure	$3.4	$5.0	$ 5.1	$10.5	$19.0	$35.8	$ 80.0	$192.0	$392.0
Average Expenditure	8.2	6.9	10.6	20.9	24.4	50.6	143.2	280.9	474.4

Agency Compensation

Banks which indicated on the questionnaire that they used an advertising agency as their primary source of advertising also were asked how the agency was compensated.

In general, use of 'fees only' was highest in the smaller banks (starting at 65%) and lowest in the largest banks (36% or less). Use of media commissions is low or nonexistent in the smallest banks, as might be expected from their low media budgets. Only 4% to 6% of banks under $100 million use 'commissions only', while 21% of banks over $5 billion do.

An arrangement of both fees and commissions is common in many banks and appears to be even more widely used than reported in last year's "Analysis". In the smallest banks about 35% use both fees and commissions while in the largest banks about one-half do. As in prior years, use of both is highest in the asset range of $500 million to $1 billion.

For further information on actual average or median dollar amounts paid to agencies, see the data in Tables 1 and 2.

Table 17 shows the results of a new question on the survey this year which asked the respondents to indicate their primary source for creating advertising.

Those who indicated "Outside Advertising Agency" were then asked to estimate the total amount paid to their agency in 1984 for fees and commissions.

It is important to note the difference in the responses between this question and data presented earlier in the report, and to understand fully what these figures mean. The difference between this table and the "Fees and Commissions" section of earlier tables (such as Tables 1 and 2) is that *all banks* were included in the earlier tables. This would encompass not only those banks which used an outside agency as their primary source, but also those which used an agency on a project or freelance basis and produced other materials in-house or through a holding company. Thus it is logical that this smaller group of agency-only users would report the higher figures shown here.

It also should be noted that agency billing practices vary widely, and although the survey questionnaire asked for "Fees and Commissions" only, some production billing may be included even though it was requested that the respondents exclude it from their data.

The table shows the number of banks reporting in each asset category, along with the median and average expenditures.

Thus for a bank of $350 million in assets, the median expenditure would be about $35,800 and the average about $50,600.

The expenditures are closely correlated to asset size, approximately doubling for both median and average as the bank asset size doubles.

TABLE 18
AVERAGE AND MEDIAN MARKETING EXPENDITURES FOR 1983/1984 BY ASSET SIZE
(All Reporting Banks - 1984, $000)

	Asset Size in Millions								
	Under $10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
1984 NON-SALARY MARKETING EXPENDITURES									
Number of Reporting Banks	47	144	181	203	273	121	58	66	16
Average Expenditure	**$ 11.9**	**$ 19.1**	**$ 34.7**	**$ 60.1**	**$144.5**	**$308.6**	**$662.4**	**$1850.3**	**$4402.6**
Minimum Expenditure	5	1.0	2.7	6.0	12.8	56.0	55.8	437.9	505.3
Maximum Expenditure	59.0	102.0	155.9	237.0	1123.3	847.0	2012.0	5995.0	6665.0
Median Expenditure	**6.9**	**16.3**	**31.0**	**51.5**	126.0	**296.5**	**632.7**	**1462.7**	**4150.7**
1983 NON-SALARY MARKETING EXPENDITURES									
Number of Reporting Banks	32	103	136	157	229	105	51	50	9
Average Expenditure	**$ 7.7**	**$ 16.6**	**$ 33.0**	**$ 62.2**	**$134.5**	**$273.1**	**$534.5**	**$1327.6**	**$2976.3**
Minimum Expenditure	8	5	2.3	1.0	17.0	12.0	90.0	190.0	600.0
Maximum Expenditure	50.0	85.0	232.0	647.5	1200.00	727.0	1164.0	3400.0	4681.9
Median Expenditure	**5.0**	**15.0**	**30.0**	**50.0**	119.3	**261.0**	**540.0**	**1053.0**	**3092.0**

Table 18 shows a summary of marketing expenditures by bank asset range for both 1983 and 1984. The 1983 expenditures are as indicated by each responding bank on this year's questionnaire and are not taken from last year's "Analysis". Each table shows the number of banks responding, along with the average expenditure, minimum and maximum expenditure, and the median expenditure.

The data for 1984 show increases in the average expenditure in all asset ranges, with the exception of banks in the range $50 million to $100 million.

While it would be possible to make estimates from this data on what the banking industry at large spends on marketing, there are a number of limiting biases. The number of banks in each asset range changes each year. Further, responding banks, as mentioned earlier, may not make expenditures typical of all banks nationwide.

Readers interested in making such a projection despite these limitations may do so by multiplying the current number of banks in each asset range times the average expenditure for that range, then adding the total of the nine ranges.

Confidential Study
Of Bank Marketing Expenditures

BANK MARKETING ASSOCIATION

An affiliate of American Bankers Association

INSTRUCTIONS FOR COMPLETING FORM

Part I. U.S. BANK MARKETING EXPENDITURES (excluding salaries)

Please allocate your 1984 non-salary marketing expenditures as best you can among the following:

(Enter Amounts in $000)

A. ADVERTISING

A) Sub-Total for Advertising $ _____

B. PUBLIC RELATIONS

B) Sub-Total for Public Relations $ _____

C. SALES PROMOTION

C) Sub-Total for Sales Promotion $ _____

D. STAFF SALES-CUSTOMER RELATIONS TRAINING

D) Sub-Total for Staff Sales-Customer Relations Training $ _____

E. MARKETING RESEARCH

E) Sub-Total for Marketing Research $ _____

F. ALL OTHER NON-SALARY MARKETING EXPENSES NOT ACCOUNTED FOR IN A—E ABOVE $ _____

Total 1984 Non-Salary Marketing Expenditures (Sum of A—F above) $ _____

(Please complete Side Two)

Part II. SERVICE ALLOCATION OF 1984 NON-SALARY MARKETING EXPENDITURES

Please indicate the approximate percentage amount of your total marketing budget allocated to each of these five categories:

_____% Retail (Individuals)

_____% Commercial (Corporate Business)

_____% Trust

_____% Institutional

_____% Other (Specify)

100 % Total

Part III. GENERAL INFORMATION

A. What were your bank's total assets as of December 31, 1984?

- ☐ Under $10 million
- ☐ $10 million but less than $25 million
- ☐ $25 million but less than $50 million
- ☐ $50 million but less than $100 million
- ☐ $100 million but less than $250 million
- ☐ $250 million but less than $500 million
- ☐ $500 million but less than $1 billion
- ☐ $1 billion but less than $5 billion
- ☐ $5 billion or more

B. Was your bank part of a holding company in 1984?

- ☐ No
- ☐ Yes (If Yes, was it a multi-bank ☐ or one-bank ☐ holding company?)

C. For retail business, what best describes the kind of market in which your bank competes?

(Check appropriate response. Note: SMSA = Standard Metropolitan Statistical Area)

- ☐ State-wide
- ☐ SMSA — primary
- ☐ SMSA — secondary
- ☐ Local (not in SMSA)
- ☐ Local (in SMSA)
- ☐ Regional (not in SMSA)

D. What is the approximate population of the retail trade area checked in C above?

- ☐ Under 100,000
- ☐ 100,000 to 249,999
- ☐ 250,000 to 499,999
- ☐ 500,000 to 999,999
- ☐ 1,000,000 or more

E. Please indicate the approximate Total 1983 Non-Salary Marketing Expenditures for your bank (in $000)

$ _____ (Enter Amount)

Part IV. AGENCY COMPENSATION

A. Which one of the following was the bank's primary source for creating advertising during 1984?

- ☐ Outside agency
- ☐ Outside consultant (not in agency)
- ☐ Inside agency
- ☐ Other (Specify)

B. (Answer only if you indicated use of an outside agency above). Please indicate the primary method you used to compensate your agency in 1984 (exclude production expenses such as printing and art):

- ☐ Fee
- ☐ Estimated total of fees paid in 1984 $
- ☐ Commission
- ☐ Estimate the total you paid your agency in media commissions: $
- ☐ Other (Specify)

Advertising fees paid agency in 1984 $

100 % Total

Thank you for your responses. They are very important to the study. Please return this questionnaire in the enclosed postage-paid envelope. You need not identify yourself or your bank. Your answers will be completely confidential.

If there are any comments you would add regarding your bank's marketing expenditures, please use the space

BANK MARKETING ASSOCIATION

An affiliate of American Bankers Association

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